



ANNUAL REPORT

1957

BOARDS
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RUTLAND RAILWAY CORPORATION

RUTLAND RAILWAY *Corporation*

DIRECTORS

WALLACE M. FAY, *Chairman*

FRANK A. AUGSBURY, JR.
LLOYD G. BUCKLIN
ALAN T. DANVER
WILLIAM I. GINSBURG
L. JAMES GUMPERT

L. DOUGLAS MEREDITH
FLOYD W. MOORE
JOSEPH A. QUINLAN
MYRON SIMONS

OFFICERS

ALAN T. DANVER.....*President*

LLOYD G. BUCKLIN.....*Clerk*

OPERATING

SIDNEY M. RODGERS.....*Vice President-
Operations*

WILLIAM E. LOVETT.....*Superintendent*
NORMAN F. BRUCE.....*Master Mechanic*
E. HAROLD LUNDIN.....*Chief Engineer*

SALES AND SERVICES

GUY D. LARRABEE.....*Vice President-
Sales and Services*

STEPHEN A. CLIFFORD....*General Sales
Manager*
JOHN E. LAUGHLIN....*Sales Manager-
Rates*

INDUSTRIAL DEVELOPMENT

WILLIAM I. GINSBURG...*Vice President-
Industrial Development*

TREASURY

ALAN T. DANVER.....*Treasurer*

JOHN K. ROBERTS...*Assistant Treasurer*

ACCOUNTING

LLOYD G. BUCKLIN.....*Comptroller*

JOSEPH G. LANAHAN.....*Assistant
Comptroller*

LAW

EDWIN W. LAWRENCE...*General Counsel*

ROBERT L. KEITH.....*General Claims
and Land Agent*

PURCHASING

JOSEPH E. MARCEAU...*Purchasing Agent*

RUTLAND RAILWAY CORPORATION

REPORT FOR 1957

To Our Stockholders:

Operating results of your Corporation for 1957, although less favorable than for 1956, showed a larger net income than that of 1955. Net income for 1957 was \$299,020 as compared with \$452,816 for 1956 and \$272,197 for 1955.

Freight revenues, including switching charges, amounted to \$4,910,741, an increase of \$20,561 over 1956. This favorable showing was due in part to increased freight rates effective December 28, 1956 and August 26, 1957, which more than offset a decrease in revenue freight cars handled from 56,090 to 54,595. Milk revenues continued to decline and amounted to \$143,589, a decrease of \$101,536 or 41%.

There was a decrease in railway operating revenues from \$5,201,892 to \$5,113,653, amounting to \$88,239 or 1.7%, which was more than accounted for by the severe decline in milk revenues.

Operating expenses amounted to \$4,393,262, an increase of \$154,763 or 3.5%. Notwithstanding further reduction in number of employees and curtailment of maintenance expense it was not possible to overcome the additional costs resulting from increased wage rates and increased cost of materials and supplies.

The marked decline in business had its effect on operating results during the last half of 1957. This was particularly true as regards carloads originated at or consigned to stations on our line. In addition to the general decline, we were deprived of large freight shipments of one industry account relocation of their storage warehouse. We did not enjoy the considerable business incident to construction of the St. Lawrence Seaway which helped to make 1956 so successful.

Since our last annual report Sales and Services representatives have been located additionally at Minneapolis, Minn. and Buffalo, N. Y.

During the year your Corporation purchased a storage warehouse located at Rutland. This building, having sidetrack service, gives us a facility where we can offer a storage-in-transit

privilege to potential patrons. We expect that this will influence the routing of considerable tonnage via the Rutland Railway.

Industrial development along our line is of increasing importance. With the assistance of the Department of Commerce of the State of New York, we are preparing a brochure on industrial sites along the Rutland Railway in northern New York which will be very helpful in our contacts with firms who may be interested in locating in that area. We are also cooperating with organizations in several cities and towns on our Railway in both New York and Vermont in our efforts to further industrial development.

One new industry has completed construction of a plant at Ogdensburg, N. Y. and will start operations soon, thus providing additional rail traffic.

The opening of the St. Lawrence Seaway should provide impetus to the development of Ogdensburg Harbor as a port of interchange between rail and water transportation. To this end we are already carrying on negotiations with potential patrons to secure such freight movements.

Effort is being made to arrange with connecting lines for the piggy-back movement of trailers.

During the year 1957 your Corporation paid two dividends of \$1.25 per share to holders of Preferred Stock. These dividends applied on arrearage under the provisions of our Articles of Association. They were the first dividends paid to holders of stock of your Corporation or its predecessor Company since 1931.

Your Corporation completed during 1957 payments under conditional sales agreements covering the acquisition of all of its diesel-electric locomotives, the first of which was put in service in June, 1951. Payments were also completed on its first lot of 50 box cars, acquired in July, 1954. These payments, together with those under conditional sales agreements covering our other equipment, were in aggregate amount of \$598,359 during 1957.

Much well-merited publicity has recently been given to the testimony of railroad officials appearing at hearings of the Surface Transportation Subcommittee of the Senate Committee on Interstate and Foreign Commerce in Washington. The "deteriorating railroad situation" as described at these hearings has now become even more acute due to the continued business recession. All railroads are vitally concerned, but those in our area are most seriously affected. Every owner of railroad securities must recognize and should make known to Members of Congress the urgent need for modernization of the laws which still restrict railroads as though they were a monopoly and perpetuate the present discriminatory taxes which handicap our industry.

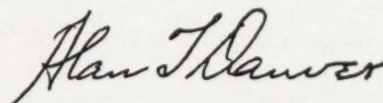
During this critical period your Board of Directors and your Management are working together to effect an economy program which will keep our expenses in line without impairing the services demanded by our customers as a condition of their continued patronage. The cooperation of our stockholders in our search for

new sources of revenue is appreciated and will be mutually beneficial.

The continued loyalty of our stockholders, our patrons and our employees is gratefully acknowledged.

To render satisfactory service to our shippers and thus merit their continued support, and to carry on the sound policies that have enabled us to make progress will continue to be our prime objectives.

For the Board of Directors,



PRESIDENT

March 21, 1958

In Memoriam

Mr. Bernard A. Steinbach, Vice President, died suddenly at his home in New Haven, Connecticut on October 23, 1957. Mr. Steinbach, who had been a Director of your Corporation since 1954, was a man of action, courage and ambition. His restless activity enabled him to find both work and pleasure in the task of revitalizing this Railway, to which task he contributed fidelity, earnestness and ability.

OPERATIONS

Wage and price increases once again were the important factors in the cost of operation during the year of 1957. In accordance with the national pattern, a general wage increase was granted the employees of the Rutland on January first, and subsequent cost-of-living adjustments were made in May and November.

During the latter part of the year some curtailment in train service was made, in keeping with the general decline in business; but, at the same time, we have continued to provide our patrons with the excellent service they are accustomed to receiving.

During the fall of 1957 the New York Central Railroad began operating their through freight trains between Malone, N. Y. and Utica, N. Y. over our line between Malone and Norwood, a distance of 37 miles, under a trackage agreement, thereby increasing the use of this portion of our line. We are hopeful that in 1958 further utilization of this trackage will be made by the New York Central.

IMPROVEMENTS

During the year 1957 we augmented our fleet of modern freight cars. Fifty-one new 50-ton all-steel box cars were received late in April, and they have been in constant use. In November we took delivery of twenty-five 70-ton capacity open top gondola cars with an inside length of 52'6". These latter are the first new all-steel gondola cars the Rutland Railway has ever owned and are the first new gondola cars the Railway and its predecessor have purchased in forty-seven years. These cars have been in great demand by our shippers on the line and have saved us from paying car hire to other railroads for this type of equipment.

A five mile stretch of track in the vicinity of North Lawrence, N. Y. was rehabilitated by the replacement of worn out rail with good rail reclaimed from the Chatham Branch abandonment, the installation of new ties and the application of stone ballast. This work will result in a decrease in the amount of maintenance required on this stretch of track.

A few old motor trucks used by the Mainten-

ance of Way Department were replaced so that these employees could continue to benefit by the mobility provided by these trucks.

We have continued our program of selling or razing buildings which are no longer required for the operation of the railroad, and where practicable we have endeavored to lease buildings to tenants who will favor us with freight traffic.

EMPLOYMENT AND WAGES

The number of employees required to operate the railroad has been reduced in keeping with changing conditions, and the employees have been most cooperative with the management in working out mutual problems. In 1957 the average number of employees was 569, and the total payroll, including payroll taxes, amounted to \$3,118,558.65. In 1956 the average number of employees was 583. The ratio of wage cost to operating revenue in 1957 was 61%, a slight increase over the 59% ratio of the previous year.

The average annual wage per employee in 1957 was \$5,480 as compared with \$5,231 in 1956.

FREIGHT TRAFFIC

Total carloads handled decreased 3% under 1956.

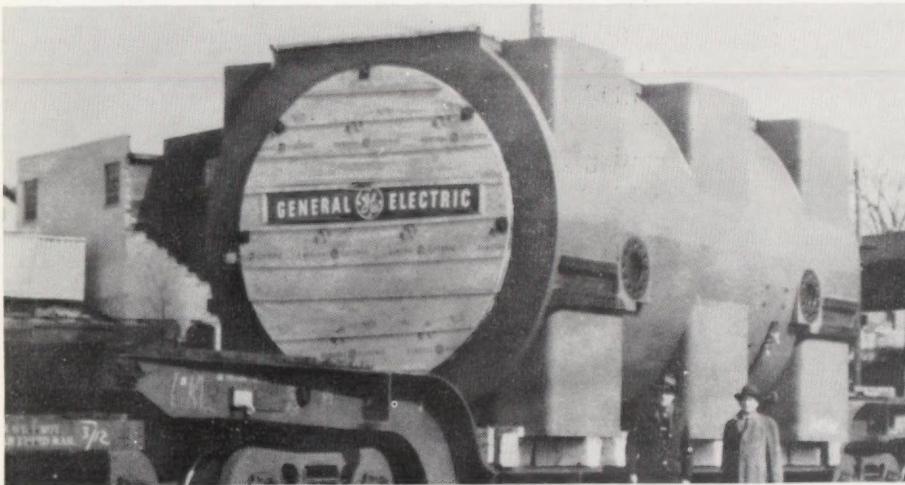
Overhead or bridge traffic showed an 8% increase over 1956. This is indeed gratifying, in view of the decrease in carloadings experienced by most railroads and is the result of successful efforts on the part of our sales forces. Balance of traffic decreased 11%.

Below is a comparison of total revenue freight cars loaded on line and received from connections for principal commodity groups:

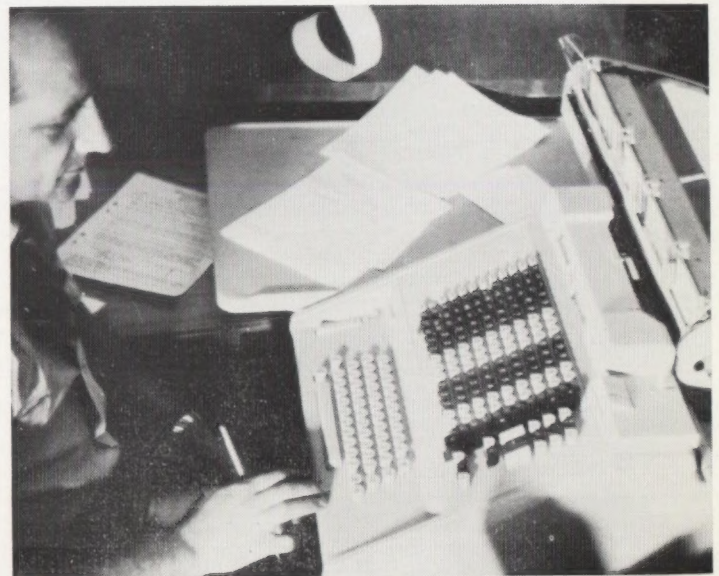
	1957	1956	% Inc. OR DEC.
Grain, Feed, Flour, etc.	8,087	8,087	—
Coal	8,724	8,041	8%
Stone and Rock	3,169	3,645	(D) 13%
Forest Products	5,238	5,476	(D) 4%
Petroleum, Refined	3,720	3,951	(D) 6%
Paper and Paper Products . .	6,196	6,003	3%
Manufactures and Misc.	19,461	20,887	(D) 7%
Total	54,595	56,090	(D) 3%



Some of our new all-steel gondolas are shown above. They are fifty-two and one-half feet long with a capacity of seventy tons each.



At the left is the heaviest shipment (581,400 pounds) moved over the RUTLAND, an electric generator, enroute from Schenectady, New York to Salem, Mass., which moved over our line from White Creek, New York to Bellows Falls, Vermont early in March, 1958.



Further mechanization of accounting was accomplished by installation of a Burroughs Sensimatic Accounting Machine early in 1958.

STATEMENT OF INCOME

For the Years Ended December 31, 1957 and 1956

	1957	1956
OPERATING REVENUES:		
Freight	\$4,910,741	\$4,890,180
Milk	143,589	245,125
All Other	59,323	66,587
TOTAL	\$5,113,653	\$5,201,892
OPERATING EXPENSES:		
Maintenance of Way and Structures:		
Depreciation—Road	\$ 97,529	\$ 100,132
All Other	885,171	930,028
Maintenance of Equipment:		
Depreciation—Equipment	200,138	180,349
All Other	544,116	432,727
Traffic (Sales and Services)	364,294	335,857
Transportation	1,945,712	1,893,296
General	356,302	366,110
TOTAL	\$4,393,262	\$4,238,499
NET REVENUE FROM OPERATIONS	\$ 720,391	\$ 963,393
TAX ACCRUALS (No Federal Income Tax Accrual Required):		
Payroll (Retirement and Unemployment)	\$ 198,296	\$ 188,931
State, Local, Miscellaneous	135,596	130,414
TOTAL	\$ 333,892	\$ 319,345
OPERATING INCOME	\$ 386,499	\$ 644,048
RENT EXPENSE—NET:		
Equipment Rental	\$ 75,651	\$ 180,808
Joint Facility Rents	44,191	40,922
TOTAL	\$ 119,842	\$ 221,730
NET OPERATING INCOME	\$ 266,657	\$ 422,318
MISCELLANEOUS INCOME—NET	90,768	67,200
INCOME AVAILABLE FOR FIXED CHARGES	\$ 357,425	\$ 489,518
FIXED CHARGES—Interest on Debt	58,405	36,702
NET INCOME TRANSFERRED TO RETAINED INCOME—UNAPPROPRIATED	\$ 299,020	\$ 452,816

RETAINED INCOME—UNAPPROPRIATED

For the Years Ended December 31, 1957 and 1956

	1957	1956
BALANCE AT BEGINNING OF YEAR	\$ 294,576	\$(1,129,744)
CREDITS:		
Net Income for the Year	\$ 299,020	\$ 452,816
Miscellaneous	29,186	20,803
Transfer to acquisition adjustment account of the deficit from operations of the predecessor company prior to date of assumption of operations by the present corporation	—	970,636
TOTAL CREDITS	\$ 328,206	\$ 1,444,255
DEBITS:		
Cash Dividends on Preferred Stock—\$2.50 per share	\$ 124,545	—
Miscellaneous	71,734	\$ 19,935
TOTAL DEBITS	\$ 196,279	\$ 19,935
NET CREDITS	\$ 131,927	\$ 1,424,320
BALANCE AT END OF YEAR	\$ 426,503	\$ 294,576

Rutland Railw

Balance Sheet, Decem

ASSETS

	1957	1956
CURRENT ASSETS:		
Cash.....	\$ 394,735	\$ 615,283
Temporary Cash Investment.....	99,021	—
Special Deposits.....	138,625	72,141
Traffic and Car-Service Balances.....	94,265	(18,460)
Net Balances Receivable from Agents.....	53,887	101,695
Miscellaneous Accounts Receivable.....	74,358	89,703
Accrued Accounts Receivable.....	52,932	51,006
Due from Affiliated Company.....	4,760	41,280
Prepayments.....	5,658	10,088
Material and Supplies.....	511,567	505,191
Other Current Assets.....	2,867	2,798
Total Current Assets.....	\$ 1,432,675	\$ 1,470,725
CAPITAL AND OTHER RESERVE FUNDS.....	\$ 31,324	\$ 219,313
INVESTMENTS:		
Stock of Affiliated Company.....	\$ 20,000	\$ 20,000
Loans to Affiliated Company.....	290,000	292,500
Other Investments.....	29,138	29,138
Total Investments.....	\$ 339,138	\$ 341,638
PROPERTIES:		
Road and Equipment Property.....	\$25,438,746	\$24,888,626
Miscellaneous Physical Property.....	625,198	646,827
Total.....	\$26,063,944	\$25,535,453
Less:		
Acquisition Adjustment.....	\$11,303,854	\$11,311,866
Donations and Grants.....	2,474	2,474
Total.....	\$11,306,328	\$11,314,340
Investment in Property.....	\$14,757,616	\$14,221,113
Less Recorded Depreciation.....	3,086,643	2,921,217
Investment in Property less Recorded Depreciation.....	\$11,670,973	\$11,299,896
OTHER ASSETS AND DEFERRED CHARGES.....	\$ 104,200	\$ 77,826
TOTAL ASSETS.....	\$13,578,310	\$13,409,398

Note to B

Dividends on the preferred stock are cumulative, in one time. At January 1, 1958 dividends on the preferred s

y Corporation

er 31, 1957 and 1956

LIABILITIES AND SHAREHOLDERS' EQUITY

	1957	1956
CURRENT LIABILITIES:		
Audited Accounts and Wages Payable.....	\$ 257,086	\$ 288,389
Miscellaneous Accounts Payable.....	72,671	71,942
Interest Matured Unpaid.....	9,286	9,854
Dividends Matured Unpaid.....	59,576	—
Accrued Accounts Payable.....	20,687	25,279
Taxes Accrued.....	48,591	46,964
Other Current Liabilities.....	24,587	33,679
Total Current Liabilities.....	\$ 492,484	\$ 476,107
LONG-TERM DEBT DUE IN ONE YEAR—Equipment Obligations.	\$ 312,000	\$ 360,704
LONG-TERM DEBT DUE AFTER ONE YEAR—Equipment Obligations.	\$ 1,123,845	\$ 1,067,856
CASUALTY AND OTHER RESERVES.....	\$ 172,352	\$ 158,854
DEFERRED CREDITS.....	\$ 6,632	\$ 6,807
TOTAL LIABILITIES	\$ 2,107,313	\$ 2,070,328
SHAREHOLDERS' EQUITY:		
Capital Stock:		
5% Cumulative Preferred, \$100 Par Value—Authorized and Outstanding, 49,818 Shares.....	\$ 4,981,800	\$ 4,981,800
Common, \$100 Par Value—Authorized and Outstanding, 60,112 Shares.....	6,011,200	6,011,200
Total.....	\$10,993,000	\$10,993,000
Capital Surplus.....	\$ 1,494	\$ 1,494
Retained Income:		
Appropriated.....	\$ 50,000	\$ 50,000
Unappropriated (See Note).....	426,503	294,576
Total.....	\$ 476,503	\$ 344,576
TOTAL SHAREHOLDERS' EQUITY.....	\$11,470,997	\$11,339,070
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY..	\$13,578,310	\$13,409,398

nce Sheet

t paid, up to but not exceeding fifteen per cent at any
k were fifteen per cent in arrears, amounting to \$747,270.

HASKINS & SELLS
ACCOUNTANTS

80 FEDERAL STREET
BOSTON 10

ACCOUNTANTS' CERTIFICATE

RUTLAND RAILWAY CORPORATION:

We have examined the balance sheet of Rutland Railway Corporation as of December 31, 1957 and the related statements of income and retained income-unappropriated for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of income and retained income-unappropriated present fairly the financial position of the Corporation at December 31, 1957 and the results of its operations for the year then ended, in conformity with principles of accounting prescribed or authorized by the Interstate Commerce Commission applied on a basis consistent with that of the preceding year.

Haskins & Sells

February 28, 1958.

The rapt attention of the "small fry" at the Children's Rehabilitation Center in Rutland, Vt., emphasizes the timeless fascination of railroading. The national Bulletin of the Eastern Seal Society has recognized the community service we have rendered as a side line of our advertising program by the appearance of the picture below in their March 1958 magazine.



HIGHLIGHTS OF THE YEARS

	1957	1956	1955	1954	1953	1952
Operating Revenues.....	\$5,113,653	\$5,201,892	\$4,811,335	\$4,551,087	\$5,068,717	\$5,685,875
Operating Expenses.....	4,393,262	4,238,499	3,957,306	4,056,724	4,655,075	5,205,523
Ratio of Expenses to Revenues.....	88.84%	81.480%	82.250%	89.137%	91.839%	91.988%
Miles of Railroad Operated....	391.47	391.47	391.50	391.52	391.52	393.58
Payroll.....	3,118,559	3,040,459	2,835,290	3,107,094	3,315,584	3,773,323
Ratio Payroll to Revenues.....	60.985%	58.449%	58.929%	68.27%	65.413%	66.680%
Payroll Taxes.....	198,296	188,931	161,979	176,203	173,448	197,567
Net Income.....	\$ 299,020	\$ 452,816	\$ 272,198	(\$122,911)	(\$95,794)	(\$108,765)

STATUS OF EQUIPMENT

December 31, 1957

Acquired Since November 1, 1950

	Acquired	Cost	Paid	Equity	Balance Outstanding
Diesels No. 200-204.....	June, 1951	\$ 737,948.00	\$ 737,948.00	100 %	\$ —
Diesels No. 205-208.....	July, 1952	623,320.00	623,320.00	100 %	—
Diesels No. 401-405.....	Sept., 1951	571,415.00	571,415.00	100 %	—
Diesel No. 500.....	Nov., 1951	74,895.00	74,895.00	100 %	—
Steel Box Cars No. 100-149.....	July, 1954	323,316.00	323,316.00	100 %	—
Steel Box Cars No. 150-199.....	Feb., 1955	320,000.00	219,000.00	68.4%	101,000.00
Steel Box Cars No. 200-249.....	Mar., 1956	337,261.00	325,023.00	42 %	449,025.00
Steel Box Cars No. 300-349.....	Aug., 1956	357,462.00			
Jordan Spreader No. X-180.....	Dec., 1955	39,400.00			
Steel Hoppers No. 500-504.....	Jan., 1956	39,925.00			
Steel Box Cars No. 250-299.....	Mar., 1956	337,261.00	325,023.00	42 %	449,550.00
Steel Box Cars No. 350-399.....	Aug., 1956	357,462.00			
Steel Hoppers No. 505-514.....	Jan., 1956	79,850.00			
Steel Box Car No. 450.....	Apr., 1957	7,595.32	7,595.32	100 %	—
Steel Box Cars No. 400-449.....	Apr., 1957	381,280.00	112,455.50	29.5%	268,824.50
Steel Gondola Cars No. 1000-1024.	Nov., 1957	229,953.00	62,507.19	27.2%	167,445.81
		\$4,818,343.32	\$3,382,498.01		\$1,435,845.31

Through freight train, JX 2, approaches Proctor, Vt., home of the Vermont Marble Company.



TRAIN, LOCOMOTIVE AND CAR-MILES

	1957	1956
TRAIN-MILES:		
Freight.....	489,010	493,390
Work Service.....	4,829	4,980
LOCOMOTIVE-MILES:		
Freight—Principal.....	489,010	493,390
Freight—Helper.....	126,726	137,566
Freight—Light.....	52	383
Freight—Train Switching.....	15,191	15,338
Freight—Yard Switching.....	132,139	137,575
Total Locomotive-Miles.....	763,118	784,252
Work Service Locomotive-Miles.....	4,829	4,980
CAR-MILES:		
In Freight Trains—		
Loaded Freight Cars.....	8,368,187	8,818,456
Empty Freight Cars.....	2,768,016	2,695,266
Caboose.....	414,353	412,232
Total Freight Train Car-Miles.....	11,550,556	11,925,954
In Freight Trains—		
Mail, Express, Baggage Cars, etc.....	572,969	865,101
Business Cars.....	1,904	2,668
Crew Cars (Excepting Caboosees).....	78,468	81,962
Total Passenger Train Car-Miles.....	653,341	949,731
Total Car-Miles.....	12,203,897	12,885,685
Work Service Car-Miles.....	26,818	19,639

FREIGHT TRAFFIC STATISTICS

	1957	1956
FREIGHT:		
Tons Carried—Revenue.....	1,873,757	1,881,884
Tons Carried—Company.....	26,453	29,243
Tons Carried—Total.....	1,900,210	1,911,127
Tons Carried One Mile—Revenue.....	247,418,302	252,919,699
Tons Carried One Mile—Company.....	2,573,698	2,567,301
Tons Carried One Mile—Total.....	249,992,000	255,487,000
Freight Revenue (A/C 101).....	\$4,828,941.05	\$4,816,737.40
Averages:		
Miles of Road Operated.....	391.47	391.47
Revenue Per Ton.....	\$ 2.57714	\$ 2.55953
Revenue Per Ton Mile.....	\$.01952	\$.01904
Miles Per Revenue Ton.....	132.044	134.397
Ton-Miles Per Mile of Road (Rev.).....	632,024	646,077

RUTLAND *Sales and Services*

Rutland, Vt.

Guy D. Larrabee. *Vice President*
Stephen A. Clifford. *General Sales Manager*
John E. Laughlin. *Sales Manager—Rates*
Frederick A. Martel. *Assistant Sales Manager—Rates*

Rutland, Vt. Phone: PProspect 3-3331

John A. Halpin. *Sales Manager*
Herman E. Buchheim
 Assistant Sales Manager
John J. Mullen
 District Sales Representative
Raymond W. Carroll
 Manager Milk Sales

Boston, Mass. Phone: CApiTal 7-3381

John E. McGarrity. *Sales Manager*
Albert L. Taylor
 District Sales Representative
John A. Clark
 District Sales Representative

Chicago, Ill. Phone: WAbash 2-2593

Oliver L. Crawford
 Assistant Vice-President
Ray I. Nova. . . *District Sales Manager*
Raymond H. Gillespie
 District Sales Representative

Cincinnati, Ohio.

Phone: CHerry 1-1126

John D. Lewis. . *District Sales Manager*

Kansas City, Mo.

Phone: VICTor 2-0766

John L. Larson
 District Sales Representative

New York City.

Phone: LOnacre 3-5997

Richard O. Fawcette. . . *Sales Manager*
Walter H. Lodge, *Special Representative*
James F. Phalen
 District Sales Representative

Buffalo, N. Y. Phone: MOhawk 6931

Albert W. Cray
 District Sales Representative

Detroit, Mich.

Phone: WOODward 5-7370

Arthur A. Lindsay
 District Sales Representative

Portland, Me. Phone: SPruce 5-0541

Charles J. Reagan
 District Sales Representative

Minneapolis, Minn.

Phone: FEderal 6-4503

Heaton L. Bullock
 District Sales Representative

St. Louis, Mo.

Phone: JEFFerson 3-5500

Hugh W. Anderson
 District Sales Representative

Seattle, Wash. Phone: MUtual 2-6430

Marshall O. Culton
 District Sales Representative

OFFICERS

CENTRAL REGION

NORTHEASTERN REGION

WESTERN REGION

EASTERN REGION

